
June 2021

***WASTEWATER AND SURFACE WATER
MANAGEMENT***

INTERIM FINANCIAL REPORT



Prepared by the City of Tacoma - Finance Department

City of Tacoma, Washington
Environmental Services Department
Wastewater and Surface Water Management

Table of Contents

Management’s Discussion and Analysis	3
Interim Financial Statements	9
Statements of Net Position (Unaudited)	10
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)	13
Statements of Cash Flow (Unaudited)	14
Interim Financial Statements by Utility	17
Statements of Net Position (Unaudited)	18
Statements of Revenues, Expense and Changes in Net Position (Unaudited)	21
Statements of Cash Flow (Unaudited)	22

Note:

These financial statements are interim, unaudited reports prepared primarily for the use of management.

This page intentionally left blank.

Management's Discussion and Analysis

City of Tacoma, Washington
Environmental Services Department
Wastewater and Surface Water Management
Management's Discussion and Analysis
For the quarters ended June 30, 2021 and 2020

Introduction

The following is management's discussion and analysis (MD&A) of the financial activities of the City of Tacoma's Wastewater and Surface Water Management Division (the Division) for the periods ended June 30, 2021, and 2020. The MD&A is designed to focus on significant financial transactions and activities and to identify changes in financial position. This information should be read in conjunction with the financial statements taken as a whole. Not all transactions reported in these statements have been recorded on the full accrual basis of accounting or in accordance with generally accepted accounting principles. Immaterial differences may occur due to rounding.

The management of the Finance Department of the City of Tacoma is responsible for preparing the accompanying financial statements and for their integrity. The statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, applied on a consistent basis, and include amounts that are based on management's best estimates and judgments.

The basic financial statements, presented on a comparative basis for the periods ended June 30, 2021, and 2020, include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows. The Statements of Net Position present information on all of City of Tacoma Wastewater and Surface Water Management Division's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. The Statements of Revenues, Expenses and Changes in Net Position report all of the revenues and expenses during the time periods indicated. The Statements of Cash Flows provide information on cash receipts and disbursements during the year and report changes in cash resulting from operating, non-capital financing, capital and related financing, and investing activities.

Financial Highlights

- The change in net position was \$5.8 million in the first six months of 2021, compared to \$6.5 million for the same period in 2020.
- Total net position was \$495.8 million at June 30, 2021 compared to \$481.3 million at June 30, 2020.
- Operating revenues were \$60.3 million for the first six months of 2021 compared to \$59.5 million in 2020.
- Cash and equity in pooled investments unrestricted was \$102.9 million at June 30, 2021 compared to \$96.6 million in 2020.

Financial Analysis – Condensed Statements of Net Position

Net position may serve over time as a useful indicator of an entity's financial position. The following condensed statement of net position provides a comparison of net position for the last two periods.

	June 30,		Increase
	2021	2020	(Decrease)
Current, restricted, and other assets	\$ 188,246,638	\$ 201,757,375	\$ (13,510,737)
Net capital assets	634,754,936	604,329,844	30,425,092
Total assets	823,001,574	806,087,219	16,914,355
Deferred outflows of resources	9,793,920	20,000,997	(10,207,077)
Total assets and deferred outflows of resources	<u>\$ 832,795,494</u>	<u>\$ 826,088,216</u>	<u>\$ 6,707,278</u>
Non-current liabilities	\$ 285,430,109	\$ 297,966,684	\$ (12,536,575)
Current liabilities	17,747,918	17,978,889	(230,971)
Total liabilities	303,178,027	315,945,573	(12,767,546)
Deferred inflows of resources	33,793,492	28,844,654	4,948,838
Total liabilities and deferred inflows of resources	<u>336,971,519</u>	<u>344,790,227</u>	<u>(7,818,708)</u>
Net position:			
Net investment in capital assets	415,004,550	409,473,034	5,531,516
Restricted	6,519,318	4,672,034	1,847,284
Unrestricted	74,300,107	67,152,921	7,147,186
Total net position	<u>495,823,975</u>	<u>481,297,989</u>	<u>14,525,986</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 832,795,494</u>	<u>\$ 826,088,216</u>	<u>\$ 6,707,278</u>

The assets and deferred outflows of the Division exceeded liabilities and deferred inflows by \$495.8 million in 2021, compared to \$481.3 million in 2020. The Division's net position increased by \$5.8 million in 2021 compared to an increase of \$6.5 million in 2020. However, the largest component of net position reflects the Division's net investment in capital assets (e.g. land, buildings, machinery, and equipment).

The net investment in capital assets component of net position was \$415.0 million in 2021 compared to \$409.5 million in 2020. The Division uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Division's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

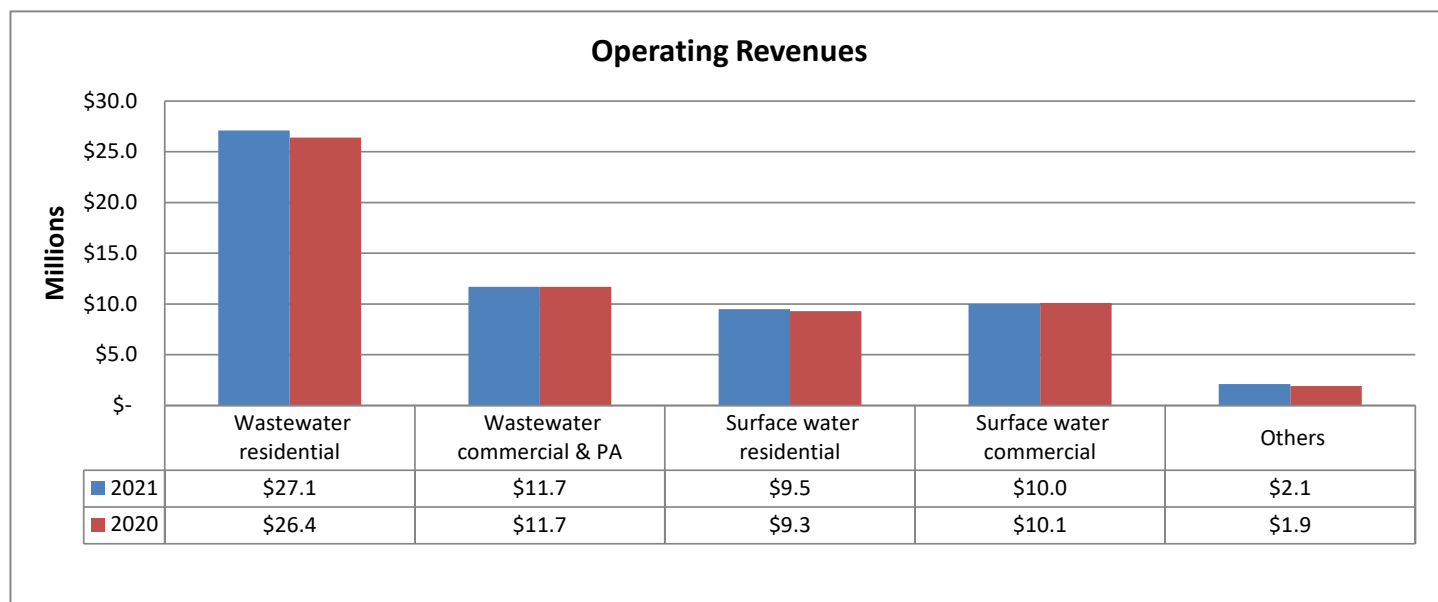
The restricted portion of the Division's net position is \$6.5 million in 2021 compared to \$4.7 million in 2020 and represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$74.3 million for 2021, and \$67.2 million for 2020 is unrestricted.

Financial Analysis - Condensed Statements of Revenues, Expenses and Changes in Net Position

	June Year-to-Date		Increase
	2021	2020	(Decrease)
Operating revenues	\$ 60,334,711	\$ 59,482,234	\$ 852,477
Operating expenses	46,832,209	45,554,210	1,277,999
Net operating income	13,502,502	13,928,024	(425,522)
Nonoperating expenses	(2,957,646)	(2,616,787)	(340,859)
Increase in net position			
before transfers	10,544,856	11,311,237	(766,381)
Capital contributions	737,896	702,248	35,648
Transfers	(5,516,649)	(5,477,791)	(38,858)
Increase in net position	5,766,103	6,535,694	(769,591)
Net position - Beginning of year	490,057,872	474,762,295	15,295,577
Net position - Ending	\$ 495,823,975	\$ 481,297,989	\$ 14,525,986

Operating revenues

The following graph provides a comparison of operating revenues for the first six months of 2021 and 2020.

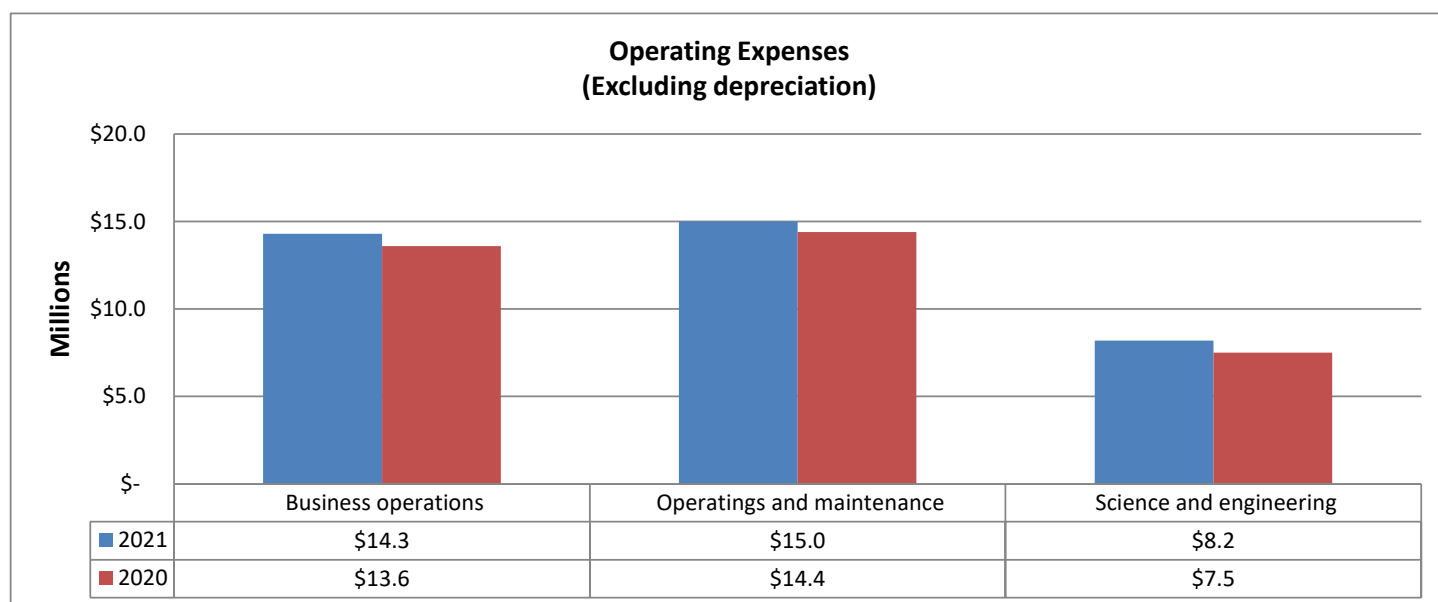


Operating revenues for the first six months of 2021 were \$60.3 million compared to \$59.5 million in 2020. The approved overall rate increases for Wastewater were 1.5% and 4.0% for 2021 and 2020, respectively. The approved overall rate increase for Surface Water was 1.5% and 3.5% for 2021 and 2020, respectively. The rate increases went into effect January 1 of each year.

Wastewater residential revenues increased \$671,000 million or 3% compared to the same period last year. Wastewater commercial and public authority (PA) revenues decreased \$58,000. Surface Water residential revenue increased \$153,000 or 2% and Surface Water commercial revenue decreased \$117,000 or 1%. Other revenues increased \$204,000 or 11% mainly due to increases in revenues from septic tank and leachates from the Land Recovery Inc.

Operating expenses

The graph below shows operating expenses for each of the operating groups, which excluded depreciation.



Operating expenses excluding depreciation increased \$2.1 million compared to the same period last year.

- Business operation expenses increased \$732,000. The significant events were:
 - Professional service expense increased \$282,000 due in part to establishing the Puget Sound Institute Modelling Center with the University of Washington Tacoma.
 - Bad debts increased \$947,000 due to an increase in aged accounts receivable.
 - Administrative and General (A&G) credit allocated to capital projects increased \$679,000 due in part to more spending on capital projects.
 - The remaining difference of \$182,000 was due to multiple small increases in other expenses.
- Operations and maintenance expenses increased \$632,000. The significant events were:
 - Labor expense including all payroll-associated costs increased \$193,000.
 - Chemical and operating supplies increased \$234,000 due in part to increases in material costs of liquid aluminum, polymer, and carbon for Plant #1 & #3, and Pump station maintenance and operation.
 - Fleet replacement charges increased \$190,000 due to replacing Telescopic Reach Forklifts.
 - The remaining difference of \$15,000 was due to multiple small increases in other expenses.
- Science and engineering expenses increased \$699,000. The significant events were:
 - Labor expense including all payroll-associated costs increased \$285,000.
 - External contract service decreased \$266,000 due to the decrease in backup power project for the Center for Urban Water building.
 - Professional service increased \$558,000 due in part to the Storm modeling and Structure Surface Water Control Scoring projects with Carollo and Osborn Consulting.
 - The remaining difference of \$122,000 was due to multiple small increases in other expenses.

Non-operating revenues and expenses

Net expenses of \$3.0 million reported for the first six months of 2021 and \$2.6 million for 2020. Compared to last year, investment income decreased \$835,000 due to the decrease in cash balance and lower interest rate on investments.

Capital Assets, net

Net capital assets increased \$30.4 million over the prior year. Land and easements increased \$1.4 million mainly due to the Union Pacific Railroad easements. Transmission lines and other improvements increased \$13.3 million: 2,166 feet of donated lines were recorded for \$1.5 million, 28,169 feet of new replacement lines and extended sewer lines were recorded for \$12.1 million, and 74,118 feet of old lines were retired at the historical cost of \$300,000. Accumulated depreciation increased \$16.0 million and construction in progress increased \$31.5 million.

Debt Administration

At June 30, 2021, the Division had \$287.0 million outstanding debt: \$43.4 million of this is junior lien debt consisting of State Revolving Fund (SRF) loans and Certificate of Participation (COP) loan. The remaining balance is senior parity bonds debt. Of the total outstanding debts, \$11.9 million will be paid in 2021.

Debt Service Coverage

The bonds coverage ratio is calculated by dividing net revenue by debt service as defined by bonds covenants. Net revenue was calculated using the January through June actual results and estimates for the remainder of the year for both Wastewater and Surface Water. The SRF loans are junior lien debt and excluded from the debt service in the bonds coverage ratio calculation.

The Division is required by its bond covenants to maintain a debt service coverage ratio of 1.3. The debt service coverage ratio estimate was 2.91 in 2021. This compares to 3.14 in the same period of 2020.

Request for Information

Wastewater and Surface Water financial statements are designed to provide a general overview of the Division's finances, as well as to demonstrate the Division's accountability to its customers, investors, creditors, and other interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Tacoma, Finance Department, 747 Market Street, Room 132, Tacoma, WA 98402-2773.

Interim Financial Statements

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	As of June 30,		Increase
	2021	2020	(Decrease)
ASSETS			
Current assets:			
Cash and equity in pooled investments	\$ 102,909,644	\$ 96,649,980	\$ 6,259,664
Accounts receivable, net	9,658,613	9,379,548	279,065
Unbilled revenues	7,675,787	7,736,787	(61,000)
GASB 31 market rate adjustment	2,638,833	1,106,962	1,531,871
Conservation loan fund receivables	109,632	151,349	(41,717)
Loan receivable	7,832,220	-	7,832,220
Inventory	2,208,077	1,958,825	249,252
Prepayments	46,956	46,956	-
Restricted cash and equity in pooled investments:			
Debt service funds	5,042,776	4,882,965	159,811
Construction funds	43,040,861	74,367,877	(31,327,016)
Total restricted cash and equity in pooled investments	48,083,637	79,250,842	(31,167,205)
Total current assets	181,163,399	196,281,249	(15,117,850)
Non-current assets:			
Restricted cash and equity in pooled investments:			
Debt reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Conservation loan fund receivables	563,921	710,179	(146,258)
Prepayments	-	93,913	(93,913)
Capital assets:			
Land and easements	25,259,229	23,897,246	1,361,983
Buildings	213,368,366	213,250,514	117,852
Machinery and equipment	199,180,218	198,973,761	206,457
Transmission lines and other improvements	450,722,762	437,401,694	13,321,068
Computer software	9,318,928	9,463,010	(144,082)
Less: accumulated depreciation	(323,153,336)	(307,203,856)	(15,949,480)
Construction work in progress	60,058,769	28,547,475	31,511,294
Total capital assets, net	634,754,936	604,329,844	30,425,092
Total non-current assets	641,838,175	609,805,970	32,032,205
TOTAL ASSETS	823,001,574	806,087,219	16,914,355
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding bonds	3,321,364	3,526,721	(205,357)
Deferred outflows - OPEB	992,025	1,052,545	(60,520)
Deferred outflows - pensions	5,480,531	15,421,731	(9,941,200)
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,793,920	20,000,997	(10,207,077)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 832,795,494	\$ 826,088,216	\$ 6,707,278

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	As of June 30,		Increase
	2021	2020	(Decrease)
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,409,684	\$ 2,499,819	\$ (90,135)
Accrued wages payable and compensated absences payable	1,306,767	877,418	429,349
Accrued taxes payable	181,214	191,627	(10,413)
Due to other governments	780,000	780,000	-
Accrued environmental liability	88,813	1,655,006	(1,566,193)
Accrued State loan interest payable	271,857	157,931	113,926
Current portion of Capital COP loan	525,000	-	525,000
Current portion of State Revolving Fund loan	4,110,556	4,036,207	74,349
Current portion of revenue bonds payable	3,031,250	2,897,917	133,333
Current liabilities payable from restricted assets:			
Current portion of revenue bonds payable	4,243,750	4,057,083	186,667
Accrued revenue bonds interest payable	799,027	825,881	(26,854)
Total current liabilities	17,747,918	17,978,889	(230,971)
Non-current liabilities:			
Long-term debt - revenue bonds, net	236,289,131	244,718,752	(8,429,621)
Long-term debt - Capital COP loan	12,270,000	-	12,270,000
Long-term State Revolving Fund loan	26,540,967	30,625,317	(4,084,350)
Long-term accrued compensated absences	3,270,411	2,565,742	704,669
Long-term accrued environmental liability	1,144,500	1,192,000	(47,500)
Net pension liability	-	13,029,876	(13,029,876)
Net OPEB liability	2,635,160	2,555,057	80,103
Pension withdrawal liability	3,279,940	3,279,940	-
Total noncurrent liabilities	285,430,109	297,966,684	(12,536,575)
TOTAL LIABILITIES	303,178,027	315,945,573	(12,767,546)
DEFERRED INFLOWS OF RESOURCES			
Rate stabilization	25,000,000	25,000,000	-
Deferred inflows - gain on refunding bonds	7,734	26,294	(18,560)
Deferred inflows - OPEB	1,746,124	2,106,245	(360,121)
Deferred inflows - pensions	7,039,634	1,712,115	5,327,519
TOTAL DEFERRED INFLOWS OF RESOURCES	33,793,492	28,844,654	4,948,838
NET POSITION			
Net investment in capital assets	415,004,550	409,473,034	5,531,516
Restricted for:			
Bond reserves	4,672,034	4,672,034	-
Net pension asset	1,847,284	-	1,847,284
Unrestricted	74,300,107	67,152,921	7,147,186
TOTAL NET POSITION	495,823,975	481,297,989	14,525,986
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 832,795,494	\$ 826,088,216	\$ 6,707,278

This page intentionally left blank.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenue, Expense, and Changes in Net Position (Unaudited)

	June Year-to-Date		\$	%
	2021	2020	Change	Change
OPERATING REVENUES				
Wastewater residential	\$ 27,109,957	\$ 26,438,954	\$ 671,003	3%
Wastewater commercial and public authorities	11,659,633	11,717,959	(58,326)	0%
Surface water residential	9,484,751	9,332,031	152,720	2%
Surface water commercial	10,003,564	10,120,794	(117,230)	-1%
Other revenues	2,076,806	1,872,496	204,310	11%
Total operating revenues	60,334,711	59,482,234	852,477	1%
OPERATING EXPENSES				
Business operations	14,333,369	13,601,521	731,848	5%
Operations and maintenance	14,989,037	14,357,268	631,769	4%
Science and engineering	8,213,824	7,515,244	698,580	9%
Depreciation	9,295,979	10,080,177	(784,198)	-8%
Total operating expenses	46,832,209	45,554,210	1,277,999	3%
Net operating income	13,502,502	13,928,024	(425,522)	-3%
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	791,727	1,626,677	(834,950)	-51%
Interest expenses and other related costs	(5,199,912)	(5,385,967)	186,055	3%
Amortization of bond premium and gain/loss on refunding	483,353	484,695	(1,342)	0%
Other nonoperating revenues	947,923	965,226	(17,303)	-2%
Gain or loss on sale/disposal of capital assets	19,263	(307,418)	326,681	106%
Total nonoperating expenses	(2,957,646)	(2,616,787)	(340,859)	-13%
Net income before contributions and transfers	10,544,856	11,311,237	(766,381)	-7%
Capital contributions and grants	737,896	702,248	35,648	5%
Transfer in from other funds	-	7,552	(7,552)	-100%
Transfer out to other funds	(586,250)	(633,250)	47,000	7%
Gross earnings tax	(4,930,399)	(4,852,093)	(78,306)	-2%
Total contributions and transfers	(4,778,753)	(4,775,543)	(3,210)	0%
CHANGE IN NET POSITION	5,766,103	6,535,694	(769,591)	-12%
NET POSITION - JANUARY 1	490,057,872	474,762,295	15,295,577	3%
NET POSITION - JUNE 30	\$ 495,823,975	\$ 481,297,989	\$ 14,525,986	3%

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	June Year-to-Date	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 57,955,753	\$ 56,502,102
Payments to suppliers	(24,311,560)	(17,436,809)
Payments to employees	(19,114,614)	(18,418,172)
Payments for taxes	(1,063,524)	(959,573)
Net cash from operating activities	13,466,055	19,687,548
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer out to other funds	(5,516,649)	(5,485,343)
Operating grants received	401,708	651,662
Interest paid on noncapital debt	(186,618)	(202,876)
Contributions and donations	-	15,820
Net cash from noncapital financing activities	(5,301,559)	(5,020,737)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Transfer in from other funds	-	7,552
Acquisition and construction of capital assets	(20,673,289)	(9,644,522)
Principal payments on capital debt	2,861,973	(1,974,407)
Interest and issuance costs paid on capital debt	(4,909,114)	(5,192,181)
Contributions and donations	683,824	657,539
Cash proceeds from sale of capital assets	27,675	192,277
Insurance recoveries	4,344	5,750
Net cash from capital financing activities	(22,004,587)	(15,947,992)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	(1,847,106)	519,716
Nonoperating income	779,562	943,676
Net cash from investing activities	(1,067,544)	1,463,392
NET INCREASE (DECREASE) IN CASH AND EQUITY IN POOLED INVESTMENTS	(14,907,635)	182,211
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	170,572,950	180,390,645
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	\$ 155,665,315	\$ 180,572,856

These Statements should be read with the Notes to the Financial Statements contained in the previous year-end Financial Report.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	June Year-to-Date	
	2021	2020
RECONCILIATION OF OPERATING INCOME		
(LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Net operating income	\$ 13,502,502	\$ 13,928,024
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation expense	9,295,979	10,080,177
Expense capital project costs	62,050	-
Cash from changes in operating assets and liabilities:		
Accounts receivable, net of allowance	(254,353)	(1,859,422)
Inventory	(62,556)	(530,891)
Prepayments	230,699	202,577
Accounts payable	(8,779,195)	(1,514,712)
Conservation loan fund receivables	112,923	35,839
Accrued wages and compensated absences payable	(103,208)	(194,899)
Accrued taxes payable	(8,487)	49,247
Deposit in lieu of bonds	(4,017)	-
Due to other governments	-	60,000
Accrued environmental liability	(58,687)	(111,051)
Unearned revenues	(467,595)	(457,341)
Total adjustments	(36,447)	5,759,524
NET CASH FROM OPERATING ACTIVITIES	\$ 13,466,055	\$ 19,687,548

This page intentionally left blank.

Interim Financial Statements by Utility

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	Wastewater As of June 30,		Surface Water As of June 30,	
	2021	2020	2021	2020
ASSETS				
Current assets:				
Cash and equity in pooled investments	\$ 70,418,947	\$ 69,104,636	\$ 32,490,697	\$ 27,545,344
Accounts receivable, net	7,295,156	6,832,074	2,363,457	2,547,474
Unbilled revenues	4,827,787	4,993,787	2,848,000	2,743,000
GASB 31 market rate adjustment	1,545,642	676,674	1,093,191	430,288
Conservation loan fund receivables	109,632	151,349	-	-
Loan receivable	7,832,220	-	-	-
Inventory	2,208,077	1,958,825	-	-
Prepayments	46,956	46,956	-	-
Restricted cash and equity in pooled investments:				
Debt service funds	3,009,254	2,912,519	2,033,522	1,970,446
Construction funds	6,730,922	31,498,319	36,309,939	42,869,558
Total restricted cash and equity in pooled investments	9,740,176	34,410,838	38,343,461	44,840,004
Total current assets	104,024,593	118,175,139	77,138,806	78,106,110
Non-current assets:				
Restricted cash and equity in pooled investments:				
Debt reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Conservation loan fund receivables	563,921	710,179	-	-
Prepayments	-	93,913	-	-
Capital assets:				
Land and easements	13,293,795	12,052,764	11,965,434	11,844,482
Buildings	211,503,821	211,385,969	1,864,545	1,864,545
Machinery and equipment	179,140,887	179,018,950	20,039,331	19,954,811
Transmission lines and other improvements	247,584,317	238,159,355	203,138,445	199,242,339
Computer software	5,451,250	5,546,843	3,867,678	3,916,167
Less: accumulated depreciation	(260,002,495)	(247,911,183)	(63,150,841)	(59,292,673)
Construction work in progress	42,046,517	16,425,528	18,012,252	12,121,947
Total capital assets, net	439,018,092	414,678,226	195,736,844	189,651,618
Total non-current assets	445,585,755	420,122,318	196,252,420	189,683,652
TOTAL ASSETS	549,610,348	538,297,457	273,391,226	267,789,762
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - loss on refunding bonds	2,084,499	2,209,627	1,236,865	1,317,094
Deferred outflows - OPEB	263,428	217,076	728,597	835,469
Deferred outflows - pensions	4,045,956	10,458,400	1,434,575	4,963,331
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,393,883	12,885,103	3,400,037	7,115,894
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 556,004,231	\$ 551,182,560	\$ 276,791,263	\$ 274,905,656

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Net Position (Unaudited)

	Wastewater As of June 30,		Surface Water As of June 30,	
	2021	2020	2021	2020
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,675,357	\$ 1,861,409	\$ 734,327	\$ 638,410
Accrued wages payable and compensated absences payable	984,514	667,513	322,253	209,905
Accrued taxes payable	124,632	133,163	56,582	58,464
Due to other governments	780,000	780,000	-	-
Accrued environmental liability	-	-	88,813	1,655,006
Accrued State loan interest payable	271,857	157,931	-	-
Current portion of Capital COP loan	525,000	-	-	-
Current portion of State Revolving Fund loan	4,098,392	4,024,390	12,164	11,817
Current portion of revenue bonds payable	1,822,140	1,741,777	1,209,110	1,156,140
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	2,550,995	2,438,488	1,692,755	1,618,595
Accrued revenue bonds interest payable	458,259	474,031	340,768	351,850
Total current liabilities	13,291,146	12,278,702	4,456,772	5,700,187
Non-current liabilities:				
Long-term debt - revenue bonds, net	138,427,390	143,358,060	97,861,741	101,360,692
Long-term debt - Capital COP loan	12,270,000	-	-	-
Long-term State Revolving Fund loan	26,228,684	30,327,077	312,283	298,240
Long-term accrued compensated absences	2,654,336	2,094,738	616,075	471,004
Long-term accrued environmental liability	-	-	1,144,500	1,192,000
Net pension liability	-	8,836,340	-	4,193,536
Net OPEB liability	1,375,803	1,350,938	1,259,357	1,204,119
Pension withdrawal liability	3,279,940	3,279,940	-	-
Total noncurrent liabilities	184,236,153	189,247,093	101,193,956	108,719,591
TOTAL LIABILITIES	197,527,299	201,525,795	105,650,728	114,419,778
DEFERRED INFLOWS OF RESOURCES				
Rate stabilization	17,000,000	17,000,000	8,000,000	8,000,000
Deferred inflows - gain on refunding bonds	3,248	11,043	4,486	15,251
Deferred inflows - OPEB	1,618,935	1,988,074	127,189	118,171
Deferred inflows - pensions	5,196,951	1,161,088	1,842,683	551,027
TOTAL DEFERRED INFLOWS OF RESOURCES	23,819,134	20,160,205	9,974,358	8,684,449
NET POSITION				
Net investment in capital assets	272,290,879	268,923,825	142,713,671	140,549,209
Restricted for:				
Bond reserves	4,640,000	4,640,000	32,034	32,034
Net pension asset	1,363,742	-	483,542	-
Unrestricted	56,363,177	55,932,735	17,936,930	11,220,186
TOTAL NET POSITION	334,657,798	329,496,560	161,166,177	151,801,429
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 556,004,231	\$ 551,182,560	\$ 276,791,263	\$ 274,905,656

This page intentionally left blank.

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Revenues, Expense and Changes in Net Position (Unaudited)

	Wastewater		Surface Water	
	June Year-to-Date		June Year-to-Date	
	2021	2020	2021	2020
OPERATING REVENUES				
Wastewater residential	\$ 27,109,957	\$ 26,438,954	\$ -	\$ -
Wastewater commercial and public authorities	11,659,633	11,717,959	-	-
Surface water residential	-	-	9,484,751	9,332,031
Surface water commercial	-	-	10,003,564	10,120,794
Other revenues	1,983,685	1,836,226	93,121	36,270
Total operating revenues	40,753,275	39,993,139	19,581,436	19,489,095
OPERATING EXPENSES				
Business operations	9,586,132	9,333,692	4,747,237	4,267,829
Operations and maintenance	13,261,517	12,551,635	1,727,520	1,805,633
Science and engineering	4,458,557	4,088,040	3,755,267	3,427,204
Depreciation	7,104,832	7,705,729	2,191,147	2,374,448
Total operating expenses	34,411,038	33,679,096	12,421,171	11,875,114
Net operating income	6,342,237	6,314,043	7,160,265	7,613,981
NONOPERATING REVENUES (EXPENSES)				
Investment and other earnings	449,301	982,707	342,426	643,970
Interest expenses and other related costs	(3,151,276)	(3,270,180)	(2,048,636)	(2,115,787)
Amortization of bond premium and gain/loss on refunding	219,868	220,428	263,485	264,267
Other nonoperating revenues	766,102	944,524	181,821	20,702
Gain or loss on sale/disposal of capital assets	23,490	(307,418)	(4,227)	-
Total nonoperating expenses	(1,692,515)	(1,429,939)	(1,265,131)	(1,186,848)
Net income before contributions and transfers	4,649,722	4,884,104	5,895,134	6,427,133
Capital contributions and grants	413,246	426,256	324,650	275,992
Transfer in from other funds	-	-	-	7,552
Transfer out to other funds	-	(58,725)	(586,250)	(574,525)
Gross earnings tax	(3,338,013)	(3,287,545)	(1,592,386)	(1,564,548)
Total contributions and transfers	(2,924,767)	(2,920,014)	(1,853,986)	(1,855,529)
CHANGE IN NET POSITION	1,724,955	1,964,090	4,041,148	4,571,604
NET POSITION - JANUARY 1	332,932,843	327,532,470	157,125,029	147,229,825
NET POSITION - JUNE 30	\$ 334,657,798	\$ 329,496,560	\$ 161,166,177	\$ 151,801,429

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	Wastewater June Year-to-Date		Surface Water June Year-to-Date	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 39,036,398	\$ 37,860,355	\$ 18,919,355	\$ 18,641,747
Payments to suppliers	(18,379,739)	(12,619,519)	(5,931,821)	(4,817,290)
Payments to employees	(14,156,015)	(13,450,401)	(4,958,599)	(4,967,771)
Payments for taxes	(726,081)	(650,075)	(337,443)	(309,498)
Net cash from operating activities	5,774,563	11,140,360	7,691,492	8,547,188
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfer out to other funds	(3,338,013)	(3,346,270)	(2,178,636)	(2,139,073)
Operating grants received	-	-	401,708	651,662
Interest paid on noncapital debt	-	-	(186,618)	(202,876)
Contributions and donations	-	-	-	15,820
Net cash from noncapital financing activities	(3,338,013)	(3,346,270)	(1,963,546)	(1,674,467)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Transfer in from other funds	-	-	-	7,552
Acquisition and construction of capital assets	(17,095,021)	(5,722,337)	(3,578,268)	(3,922,185)
Principal payments on capital debt	2,857,802	(1,984,894)	4,171	10,487
Interest and issuance costs paid on capital debt	(3,047,096)	(3,279,250)	(1,862,018)	(1,912,931)
Contributions and donations	386,210	403,902	297,614	253,637
Cash proceeds from sale of capital assets	27,675	192,277	-	-
Insurance recoveries	2,526	5,750	1,818	-
Net cash from capital financing activities	(16,867,904)	(10,384,552)	(5,136,683)	(5,563,440)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	(1,096,341)	306,033	(750,765)	213,683
Nonoperating income	763,575	938,774	15,987	4,902
Net cash from investing activities	(332,766)	1,244,807	(734,778)	218,585
NET INCREASE (DECREASE) IN CASH AND EQUITY IN POOLED INVESTMENTS	(14,764,120)	(1,345,655)	(143,515)	1,527,866
CASH AND EQUITY IN POOLED INVESTMENTS, BEGINNING	99,563,243	109,501,129	71,009,707	70,889,516
CASH AND EQUITY IN POOLED INVESTMENTS, ENDING	\$ 84,799,123	\$ 108,155,474	\$ 70,866,192	\$ 72,417,382

City of Tacoma, Washington
Environmental Service Department
Wastewater and Surface Water Management
Statements of Cash Flow (Unaudited)

	Wastewater June Year-to-Date		Surface Water June Year-to-Date	
	2021	2020	2021	2020
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Net operating income	\$ 6,342,237	\$ 6,314,043	\$ 7,160,265	\$ 7,613,981
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation expense	7,104,832	7,705,729	2,191,147	2,374,448
Expense capital project costs	62,050	-	-	-
Cash from changes in operating assets and liabilities:				
Accounts receivable, net of allowance	(225,211)	(1,391,624)	(29,142)	(467,798)
Inventory	(62,556)	(530,891)	-	-
Prepayments	230,699	202,577	-	-
Accounts payable	(7,396,042)	(845,684)	(1,383,153)	(669,028)
Conservation loan fund receivables	112,923	35,839	-	-
Accrued wages and compensated absences payable	(79,195)	(149,133)	(24,013)	(45,766)
Accrued taxes payable	(6,613)	37,370	(1,874)	11,877
Deposit in lieu of bonds	(4,017)	-	-	-
Due to other governments	-	60,000	-	-
Accrued environmental liability	-	-	(58,687)	(111,051)
Unearned revenues	(304,544)	(297,866)	(163,051)	(159,475)
Total adjustments	(567,674)	4,826,317	531,227	933,207
NET CASH FROM OPERATING ACTIVITIES	\$ 5,774,563	\$ 11,140,360	\$ 7,691,492	\$ 8,547,188



The City of Tacoma does not discriminate on the basis of disability in any of its programs, activities, or services. To request this information in an alternative format or to request a reasonable accommodation, please contact the City Clerk's Office at (253) 591-5505. TTY or speech to speech users please dial 711 to connect to Washington Relay Services.